

EXHIBIT N



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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----x
GREGORY MORGENWECK,

Plaintiff,

-vs-

VISION CAPITAL ADVISORS, LLC, VISION
OPPORTUNITY CAPITAL MANAGEMENT,
LLC, ADAM BENOWITZ and RANDOLPH COHEN,

No. 08
CV 2969
(BSJ)
(RLE)

Defendants.

-----x
VISION CAPITAL ADVISORS, LLC, and
VISION OPPORTUNITY CAPITAL
MANAGEMENT, LLC
Counterclaim Plaintiffs,

-vs-

GREGORY MORGENWECK
Counterclaim Defendant.

-----x
380 Madison Avenue
New York, New York

DATE: December 16, 2008
TIME: 9:57 a.m.

EXAMINATION BEFORE TRIAL of ADAM
BENOWITZ, one of the Defendants, in the
above-entitled action, taken by the Plaintiff,
pursuant to Notice, held at the above time and
place before Nancy Nasca, a Notary Public within
and for the State of New York.

F E D E R A L S T I P U L A T I O N S

IT IS HEREBY STIPULATED AND AGREED

by and between the counsel for the
respective parties hereto, that the filing,
sealing, and certification of the within
deposition shall be waived.

IT IS FURTHER STIPULATED AND AGREED

that all objections, except as to the form
of the question, shall be reserved to the
time of the trial.

IT IS FURTHER STIPULATED AND AGREED

that the within deposition may be signed
before any Notary Public with the same force
and effect as if signed and sworn to before
the Court.

A P P E A R A N C E S:

LAW OFFICES OF KENT & McBRIDE, P.C.

Attorneys for Plaintiff

1617 JFK Boulevard, Suite 1200

Philadelphia, Pennsylvania 19103

BY: JOHN P. SHEA, ESQ.

BUTZEL LONG, ESQS.

Attorneys for Defendants

380 Madison Avenue, 22nd floor

New York, New York 10017

BY: ERIC B. FISHER, ESQ.

1 BENOWITZ

2 A D A M B E N O W I T Z, called as a witness,
3 having been first duly sworn by a Notary
4 Public in and of the State of New York, was
5 examined and testified as follows:

6
7 EXAMINATION BY

8 MR. SHEA:

9 Q. Good morning, Mr. Benowitz. I
10 introduced myself earlier. My name is John Shea.
11 I represent Gregory Morgenweck in this lawsuit
12 brought against you and Randy Cohen and a couple
13 of Vision entities. Before we get going, have you
14 ever been deposed before?

15 A. Yes.

16 Q. How many times?

17 A. I think once.

18 Q. Were you a party to the lawsuit,
19 were you being sued, or were you sued?

20 A. No.

21 Q. You were a witness?

22 A. Yes.

23 Q. What type of case was it?

24 A. It was a possible NASD claim against
25 a broker, they wanted my testimony.

BENOWITZ

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Q. How long ago was that?

A. 4 years ago I think.

Q. Do you know the name of the matter or procedure?

A. I don't know if they ever brought -- I don't know whether it settled or what they did. It did not involve me so I didn't care.

Q. I want to go over some previous instructions. As you can see there is a court reporter taking down everything that you and I say. It is important that you keep all your answers verbal. Nods and hand gestures the court reporter cannot take down. Keep your responses verbal. Also, for ease of the court reporter I would just ask you to let me finish my question before you answer, and I will give you the same courtesy. If at any time I start asking a question before you finish, please let me know and I will let you finish. It makes it even more difficult on the court reporter when two people are talking at the same time.

The court reporter just swore you in. Your testimony here today has the same effect if you are in a court of law. Therefore, it is

1 BENOWITZ

2 very important that you understand the question I
3 am asking you. If you do not understand, let me
4 know and I will clarify the question. That's
5 important because once you answer the question
6 it's going to be presumed that you understood the
7 question and answered the question to the best of
8 your ability.

9 Did you understand these
10 instructions?

11 A. Yes.

12 Q. I don't know how long I am going to
13 be. I am going to try and move this along and try
14 and be as efficient as possible to keep this
15 deposition moving along. I do anticipate this
16 will be at last a couple of hours. We will take
17 breaks obviously, but between those breaks if you
18 need to take a break, let counsel know or let me
19 know. As long as it is not during a pending
20 question I will be happy to accommodate your
21 request.

22 Are you currently taking any
23 medication which will affect your ability to
24 understand questions?

25 A. No.

BENOWITZ

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Q. Are you taking any medication which
3 affect your memory?

4

A. No.

5

Q. Are you taking any medications?

6

A. Sometimes I take asthma pills.

7

Q. For the record, what is your full
8 name?

9

A. Adam David Benowitz.

10

Q. Where do you currently reside?

11

A. 310 East 53rd Street New York 10022.

12

Q. How long have you resided there?

13

A. A year.

14

Q. Who do you live with?

15

A. Me.

16

Q. Are you married?

17

A. I am sort of pending a divorce, but
18 I have been separated for 6 years.

19

Q. Do you have any other residences?

20

A. No, my ex-wife lives in the old
21 house in Pennsylvania.

22

Q. What is your educational background?

23

A. University of California, Berkley, a
24 masters, and I took MBA classes in Philadelphia,
25 but never got a degree.

BENOWITZ

Q. What degree do you have from Berkley?

A. Psychology.

Q. What type of MBA classes did you take?

A. The MBA classes was a long time ago.

Q. You never completed that?

A. No.

Q. Where did you go to High School?

A. Plymouth White Marsh High School.

Q. What was your first job coming out of college? I am not going to go through every job.

A. My first job I think I worked for my dad and as a stockbroker around '88 when I graduated. Both I worked for my father and I was a stockbroker for very brief period of time.

Q. What was your first job in the financial sector?

A. As a stockbroker but when I was 25 I got a job with Susquehanna Investments.

Q. What year was that?

A. 1990, it could have been '91, but I think it was '90.

BENOWITZ

Q. What type of job did you have with
Susquehanna?

A. I was a clerk on the floor of the
Philadelphia Exchange.

Q. Your duties as a clerk, what did
that entail, back orders?

A. Yes, input back orders for traders.
I later became a trader for them.

Q. What year did you become a trader
for them?

A. After about a year of being a clerk.

MR. FISHER: As best you can

remember.

Q. Other than your masters that you
mentioned, did you take any other classes or
become certified in anything else?

A. No.

Q. Did you take any of your series?

A. I have had a Series 7 at different
points. I don't have one.

Q. Do you remember when you had a
Series 7?

A. I am trying to think the last time I
had a Series 7, it's been a while.

1 BENOWITZ

2 Q. Was it in this decade?

3 A. Maybe briefly, I had one. I have
4 not really used my Series 7 since I was a MUNY
5 trader in the '90's.

6 Q. How long were you a trader with
7 Susquehanna?

8 A. I believe '93 when I left and went
9 on my own.

10 Q. In '93 where did you go?

11 A. I was an independent floor trader
12 for several years.

13 Q. Did you trade your own company?

14 A. Yes.

15 Q. Did you have a name for that
16 company?

17 A. It was I think Adam Benowitz.

18 Q. What floor?

19 A. Municipal floor.

20 Q. Who?

21 A. At Yatde Asquit (phonetic).

22 Q. Where is that?

23 A. Jenkintown, Pennsylvania.

24 Q. How long were you there for?

25 A. I was there until '98.

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Q. Do you know when you started?

A. '96, 2 and a half years.

Q. What was your next job?

A. I then owned by own sort of a hedge fund called Apex Capital for about until 1999. Then I went to work for Rose Glen Capital.

Q. Apex Capital, who else worked for Apex?

A. Just one person, Chris Lindy.

Q. Chris Lindy?

A. Chris is a girl.

Q. You began in '99 at Rose Glen?

A. I believe the first day of January 2000.

Q. 2000?

A. I started January, the first day of January 2000, or something like that.

Q. What were you hired to do for Rose Glen?

A. Head trader.

Q. What area, what securities?

A. Just whatever they traded.

Q. Were you getting a salary at Rose Glen?

1 BENOWITZ

2 A. Salary and bonus.

3 Q. What was the salary based on?

4 A. Suggestive to the partners.

5 Q. Did you have any type of written
6 contract with Rose Glen?

7 A. I am sure I did.

8 Q. As you sit here today do you
9 remember if you did or not?

10 A. I think I did.

11 Q. How long were you at Rose Glen for?

12 A. Until, mid '02, when the firm sort
13 of split off. Then I started with Randy, there
14 was no Vision at the time.

15 Q. We will get into that in a little
16 bit. Prior to '02, other than Apex Capital, did
17 you have involvement with hedge funds, working
18 with hedge funds I should say?

19 A. No.

20 Q. In '02 after Rose Glen you and Randy
21 got together you said?

22 A. Yes.

23 Q. Tell me the circumstances of what
24 your plans were?

25 A. Our plan was to try to obtain

BENOWITZ

backing for a quantitative hedge fund based on
Randy's sort of theory, black box theory and
Tuomo.

MR. FISHER: Can you spell that?

THE WITNESS: T- u- o- m- o, I
believe.

Q. Besides you and Randy, did you talk
to anyone about this idea?

A. Sure, I am sure I talked to a lot of
people about it.

Q. Did you talk to anyone about being
involved with it, with you and Randy?

A. Tuomo because he was involved with
us.

Q. Who else, anyone else?

A. Maybe I talked about getting Greg
involved.

Q. Did you guys have a name associated
with this quantitative hedge fund?

A. In '02 I don't recall, but I don't
believe we did.

Q. In '02 what was the concept?

A. It was the concept, trying to sell.

Q. Who were you trying to sell it to?

1 BENOWITZ

2 A. Anyone we could.

3 Q. Were you able to sell it?

4 A. I believe Vega Associates Management
5 gave us money to try out this idea.

6 Q. When did Vega Associates Management
7 get involved?

8 A. It was in late '02 that we started.

9 Q. Did this quantitative hedge fund
10 have a name.

11 A. Running it sort of inside of Vega.
12 I don't know if it had its own name. They had a
13 lot of, what we are running controlitive to a
14 small pocket of it.

15 Q. Were you getting compensated as part
16 of this quantitative hedge fund?

17 A. Yes.

18 Q. How were you getting compensated?

19 A. I got a cut of profit which
20 unfortunately there were not any, and a salary I
21 am not sure, I think \$40,000.00.

22 Q. Annually?

23 A. Yes.

24 MR. FISHER: You are asking about
25 the period of time when that quantitative

1 BENOWITZ

2 hedge fund was at Vega?

3 MR. SHEA: Yes, all the quantitative
4 hedge funds with Vega.

5 Q. Do you remember what percentage of
6 profit?

7 A. No.

8 Q. You, Randy and Tuomo, were you
9 partners?

10 A. Yes.

11 Q. What was the split of ownership?

12 A. I believe at the time it was a
13 third, a third and a third.

14 Q. Do you know if there was any type of
15 written agreement between you, Randy and Tuomo?

16 A. I don't remember.

17 Q. You don't know if it was any type of
18 business entity, an LP or PLLC?

19 A. No, I don't.

20 Q. How long did this quantitative hedge
21 fund continue?

22 A. Until early '03. It was a very
23 difficult time, quants in general. When we did
24 not make money Vega decided not to continue that
25 with us.

1 BENOWITZ

2 Q. What did you do next?

3 A. We looked at sort of to try to do
4 quantitative, sell the idea to someone else.

5 Q. When you say, we, you and Randy?

6 A. Me and Randy, Tuomo got a job at
7 Arrow Street.

8 Q. Were you and Randy successful in
9 selling this quantitative strategy, after Vega?

10 A. Eventually, yes.

11 Q. To whom?

12 A. Steve Bloom at Sagamore Hill.

13 Q. When was that?

14 A. I don't remember exactly. I say mid
15 '04, sometime in early '04.

16 Q. In-between early '03 when Vega
17 pulled out, and the middle of '04 Sagamore Hill
18 got involved, you were involved with another
19 company called Vision Capital Advisors, correct?

20 MR. FISHER: Objection to form.

21 Q. Do you know of a company called
22 Vision Capital Advisors?

23 A. Of course.

24 Q. When did that come into being?

25 A. I think that was early '04.

1 BENOWITZ

2 Q. Was Vision Capital Advisors before
3 Steve Bloom and Sagamore Hill?

4 MR. FISHER: Objection to form. If
5 you know.

6 THE WITNESS: I don't know what that
7 means.

8 MR. FISHER: From time to time I am
9 going to object. The purpose for the
10 objection is to preserve my objection for
11 trial. Unless I instruct you not to answer
12 you still are going to have to answer the
13 question.

14 MR. SHEA: I will clarify the
15 question.

16 Q. Do you know what type of company
17 Vision Capital Advisors was, when I say that, was
18 it an LLC an LLP?

19 A. I am not really sure. Randy is
20 usually the person to talk to about that.

21 Q. Whatever type of company it was, do
22 you know when it was formed?

23 A. Early '04 I think.

24 Q. It was called VCA prior to Sagamore
25 Hill becoming involved with the hedge fund?

BENOWITZ

A. We were.

MR. FISHER: Objection to form. So we know, which hedge fund are you referring to, Gargoyle?

MR. SHEA: Yes. Let me go back so it's not confused.

Q. Did you have a name when Sagamore Hill got involved with this quantitative hedge fund?

A. Let me clarify, when Steve Bloom was around it was still a quantitative hedge fund. Quantitative the way it runs, whether it's a hedge fund I don't know. It was a thing we were running under Steve Bloom, with Steve Bloom.

Q. It's called a quant arb?

A. Yes.

Q. Did the quant arb have a name?

A. My guess is Gargoyle.

Q. Was VCA formed prior to Gargoyle?

A. The formation, I'm not sure. We were discussing quantitative arb and products far before VCA's formation. I'm not sure if one was formed or the other was formed.

Q. When did you and Randy discuss VCA?

1 BENOWITZ

2 A. I guess in late '03.

3 Q. Was anyone else involved with these
4 discussions regarding VCA?

5 A. Was anyone else involved with
6 discussing of VCA, or doing what?

7 Q. I strike that. How did VCA come
8 about?

9 A. The main thing that we are
10 interested in was a quantitative arbitrosh, we
11 thought that is where the future was for us. We
12 needed something to pay the bills so we decided to
13 do the manage accounts in regular D or pipe,
14 whatever you want to call it. It was kind of to
15 pay the bills while we got the quantitative
16 arbitrosh off the ground whatever, as VCA.

17 Q. What was going to be the role of VCA
18 in terms of the managing account, what would VCA
19 do?

20 A. What the legal in-between would do,
21 I would have to leave it to Randy, he handles that
22 stuff.

23 Q. What do you mean by that?

24 A. VCA was an advise manage account, if
25 they made money it would give us some of the

BENOWITZ

money.

Q. Other than you and Randy, was anyone else involved in the formation of VCA?

A. Lawyers.

Q. You and Randy were partners?

A. Yes, we were partners in VCA.

Q. In terms of the working concept of VCA, was anyone involved in the concept of VCA, other than you and Randy?

MR. FISHER: The concept of managing, advising the account?

MR. SHEA: Yes.

A. We talked about things with a lot of people. I am not sure what you mean.

Q. Other than you and Randy, was anyone else working for VCA, when it started?

A. There were like guys who sourced deals for us, Jim Crombie and Joe Gill.

Q. Anyone else?

A. I don't believe so. They were not part of VCA.

Q. Were they consultants?

A. I don't know what you call them, they are deal sources.

1 BENOWITZ

2 Q. What did they see to?

3 A. Source deals.

4 Q. How would VCA make money?

5 A. If the people we have manage
6 accounts with made money on the deals they had we
7 were supposed to receive a cut of that money, and
8 that was that, we make money.

9 Q. Did you get any other type of fees?

10 A. No, I don't think so.

11 Q. Do you know what percentage of their
12 profit you would get?

13 A. It varies by account, trying to make
14 a living however we could.

15 Q. Do you have a range of percentage?

16 A. I believe 25 to 50.

17 Q. 25 or 50?

18 A. 50. We were not always paid.

19 Q. Was a percentage based on realized
20 or unrealized?

21 A. It was realized.

22 Q. You and Randy were 50/50 owners,
23 partners I should say?

24 A. Yes.

25 Q. You split the net profit of VCA?

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A. Yes.

Q. Did you receive any other type of compensation from VCA?

A. I don't think so.

Q. In other words, did you get a salary?

A. I think we had enough money to pay a salary.

Q. Was anyone else involved in VCA, working for VCA, assisting VCA?

A. Eventually we had employees.

Q. When VCA first started, other than you and Randy and then Crombie and Gill, was Crombie and Gill with VCA from its inception?

MR. FISHER: Objection to form.

A. No, they sourced deals for us.

Q. Did you source deals from the inception of VCA?

A. I think so.

Q. Who took care of finances for VCA, at its inception?

A. At inception I guess Randy. I don't remember but I think Randy.

Q. Throughout the inception of VCA you

1 BENOWITZ

2 and Randy were the only employees that worked for
3 VCA?

4 MR. FISHER: Objection to form.

5 A. At some point we had an assistant
6 named Jordan.

7 Q. Jordan Fraser?

8 A. Yes.

9 Q. Do you know when Jordan Fraser
10 started with VCA?

11 A. I don't know.

12 Q. Whose idea was Vision Capital
13 Advisors?

14 A. I don't remember.

15 Q. Maybe I jumped ahead. Was that the
16 name given to this company of managed account,
17 Vision Capital Advisors?

18 MR. FISHER: Objection to form.

19 A. I think so.

20 Q. What was your role going to be with
21 Vision Capital Advisors, or whoever this company
22 name was?

23 A. We all just kind of did whatever we
24 needed to do.

25 Q. What did you do?

BENOWITZ

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2 A. I guess a great extent coordinate
3 the operational things. I guess I would try to
4 get in managed accounts. We didn't have the money
5 on hand and we would see a deal then would have to
6 go and convince the various managed accounts to
7 try to fund it. I guess my main function was
8 trying to sell the deals to our managed accounts,
9 I did, that is what my main function was.

10 Q. Were Gill and Crombie compensated
11 for the work they did for VCA?

12 A. Yes.

13 Q. How were they compensated?

14 MR. FISHER: Objection.

15 A. They got a cut of whatever we got.

16 Q. Do you know what that cut was?

17 A. I don't recall.

18 Q. Do you know if it was a percentage
19 of profit?

20 A. Yes, I believe so.

21 Q. Was this compensation agreement in
22 writing?

23 A. I don't think so.

24 Q. It was oral?

25 A. I believe so. Again, I would see

BENOWITZ

Randy at those points.

Q. What was Randy's role in Vision Capital Advisors?

A. He would do some selling but he ran all operations in accounting and all that stuff.

Q. Did you have a role with Gargoyle?

A. Randy and I were partners in a lot of things. I helped sell it but I really didn't have a role. I helped if they needed to make a deal here and there, helped sell a deal with Steve Bloom, but not an ongoing role.

Q. Did you get any type of compensation from Gargoyle?

A. I don't think so. I don't remember a hundred percent, but I don't think I did.

Q. Other than Randy, who else was involved with Gargoyle?

A. Steve Bloom, Pokie I think Christopher Polk.

Q. Gregory Morgenweck?

A. Yes.

Q. Anyone else?

A. Maybe some of the people at that point worked for Vision did some work for it. But

BENOWITZ

they didn't have any sort of role other than sort of pitching in this help, at that point it was kind of move my furniture, whatever they had to do.

Q. What is the physical location of Gargoyle?

A. I don't know where they put the physical location, it was Steve Bloom. Randy lived in Boston and Greg in Philadelphia. Steve Bloom worked out of Connecticut, and I think Christopher Polk worked out of Chicago, I think Virtual entity.

Q. At some point in time did Steve Bloom and Sagamore Hill pull out of Gargoyle?

A. Yes.

Q. Do you know when that was?

A. I don't recall, but I remember he ran into problems with his own investor base.

Q. Do you have a general time frame in terms of what time of the year?

A. I am going to guess late '05, '06. I had very little involvement so it was not that high on my radar.

Q. It's a guess on your part?

BENOWITZ

A. It's a guess.

Q. Vision Capital Advisors has been described as somewhat of a consulting business?

A. I guess in the beginning that's what it was.

Q. In the beginning, at some point it became something different?

A. Well, I think it had to become some type of incident when we had a hedge fund, again legalities is not my strong point.

Q. Did it eventually become something else, Vision Capital Advisors?

MR. FISHER: Objection to form.

A. What do you mean, something else?

Q. After Vision Capital Advisors were you and Randy involved with another type of entity?

A. There were several entities that were around that Randy and I own. Whatever it needed to be, whatever lawyers told us to do is what we did.

Q. At some point in time did you and Randy discuss the idea of forming a hedge fund?

A. Yes.

BENOWITZ

Q. When was that discussed?

A. I mean we discussed it constantly since 2001 in various forms. I don't recall when we started discussing it or specific discussions. But the whole enterprise that began in 2002, we started talking about it in 2001. In fact we talked about it in 1998, constant discussions of it.

MR. FISHER: You are talking about the hedge fund rather than the quant arb?

MR. SHEA: Yes.

THE WITNESS: I guess the manage account I thought much more, the hedge fund, we didn't start the fund until 2005.

Q. I am trying to shortcut. If I am incorrect in what I say, let me know.

My understanding, Vision Opportunity Capital Management is the company which oversees the hedge funds which is collective to overseeing Vision Opportunity Master Fund. That Vision Opportunity Master Fund is comprised of vider fund, I believe Vision Opportunity Partner and Vision Partners Limited, is that correct?

A. I do not know what all the legal

1 BENOWITZ

2 structures are, ask Randy, he knows what they are,
3 I don't know. We use very known hedge fund
4 lawyers and sort of do what they tell you to do,
5 whatever the right things is.

6 Q. But at some point in time in 2005 I
7 think June 2005 a hedge fund was legally formed,
8 correct?

9 A. It was May.

10 Q. May of 2005?

11 A. May or June.

12 MR. FISHER: As best you can
13 remember the date, May or June is your best
14 estimate?

15 THE WITNESS: Yes.

16 Q. One instruction I gave you, if you
17 have a reasonable approximation and estimation
18 just like you did, that is fine. What your
19 attorney and I don't want you to do is pull
20 something out of the air.

21 A. No, I won't.

22 Q. Don't guess. If you have a
23 reasonable approximation let us know it's that.

24 This hedge fund that was started in
25 May or June of 2005, do you know when you and

BENOWITZ

Randy started talking about forming this hedge fund?

A. I don't remember exactly.

Q. Obviously you had to talk about it prior to becoming legally formed?

A. Yes.

Q. It's not something you did overnight?

A. No.

Q. Was VCA something that led up to the formation of the hedge fund, or concept of forming the hedge fund?

MR. FISHER: Objection to form.

Q. I believe you told me while you are running a managed account you and Randy started talking about running or forming a hedge fund?

A. Well, we talked about forming a hedge fund for far longer than that. Even when I sort of first established, started Apex Capital in '98, I didn't know what I was doing but that was my first stab at it.

Q. Do you know what the net profits for VCA was in 2004?

A. No.

BENOWITZ

Q. Do you know what you received, if anything, from VCA, in 2004?

A. I do not. I know I was broke.

Q. Were you receiving a salary from VCA?

A. I don't think so.

Q. You and Randy, how would you be compensated by VCA, not how VCA made money, but how were you and Randy going to be compensated?

A. I don't remember really specifics operationally. It was we would get in money and we would try to cover our bills with it, and whatever he owed to the team, it was not regular.

Q. We talked about Jim and Joe being involved in VCA getting a percentage of profit of the deals that they source, maybe you and Randy also received a percentage. Was there anyone else that received compensation in any form, from VCA?

A. Later we had employees who we had to pay.

Q. I am talking about initially when VCA was formed.

A. I don't know when Jordan came to work for us, Randy may know better. We pay the

BENOWITZ

lower level guys you know, like salaries I think.

Q. Do you know what the net revenue was in 2005?

A. No.

Q. Do you know what you received in compensation in 2005?

A. No, I don't remember.

Q. That would be on your tax returns?

A. I assume so.

Q. Who does your tax returns?

A. An accountant, Richard Eisenberg.

Q. Did Richard also do the taxes for VCA?

A. I don't know, I think somebody else does them.

Q. Is Jordan Fraser the first employee you remember hiring for VCA?

A. Yes.

Q. Do you know how Jordan Fraser was compensated?

A. I don't remember but we paid him a salary I think.

Q. Did he have any other forms of compensation?

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A. I think we paid him a bonus.
Q. Do you know what that bonus was
based on?
A. I don't remember.
Q. Do you know if it was based on net
profits?
A. I don't think so.
Q. Have you had any type of teaching
appointments?
A. I guest taught. Teaching
appointment?
Q. Yes.
A. Professorship or that stuff?
Q. You are not a professor, correct?
A. No.
Q. Have you had any type of teaching
assignment or have you talked at such opportunity?
A. I guess I lectured one or two
classes.
Q. Where?
A. Harvard and Yale.
Q. What did you guest lecture on?
A. One time short selling, one time
Micro.

1 BENOWITZ

2 Q. The one you guest thought at
3 Harvard, who did you do that with?

4 A. Tuono.

5 Q. I know you and Randy are childhood
6 friends, correct?

7 A. Yes.

8 Q. Other than jobs you may have had as
9 teenagers together, was the first job you had with
10 Randy the quantitative hedge fund or arb with
11 Vega?

12 A. Yes, I think so.

13 Q. Do you know when you first started
14 discussing forming Vision Capital Advisors?

15 A. I don't remember.

16 Q. Do you know if you started talking
17 about that while being involved with Vega?

18 A. I don't remember.

19 Q. When did you first meet Greg
20 Morgenweck?

21 A. I may have met him when I worked for
22 Susquehanna, I believe I did. First getting to
23 know him really was at Rose Glen.

24 Q. What was he doing at Rose Glen?

25 A. Computer stuff.

1 BENOWITZ

2 Q. What type of computer stuff?

3 A. I am not sure what you mean. I am
4 not a computer person, system, that's an under
5 statement.

6 Q. At Rose Glen did you interact work
7 wise with Greg?

8 A. I would interact more socially with
9 Greg. I mean, we were sort of on separate sides.
10 I was in trading and what Greg did I never quite
11 understood.

12 Q. Did he ever do anything for you at
13 Rose Glen?

14 A. In trading he didn't do things for
15 me in any function.

16 Q. Did he do anything at Rose Glen to
17 benefit you in anyway?

18 A. I am sure.

19 Q. Do you know as you sit here, is
20 there anything he did that maybe benefited in or
21 assisted you in doing your job at Rose Glen?

22 A. I can't remember, but I don't think
23 so. I mean, he worked on the systems. Portfolios
24 and systems are different sides of the world.

25 Q. Did he prepare reports for you at

1 BENOWITZ

2 Rose Glen?

3 A. I don't know. I mean there were
4 trading reports. I am not sure who in the
5 operations side was the person who we got it from.

6 Q. Fair enough. Do you know what his
7 title was at Rose Glen?

8 A. I do not.

9 Q. How much interaction would you have
10 with Greg, at Rose Glen?

11 A. I hung around with him a lot.

12 Q. How much?

13 A. I don't remember.

14 Q. Was he at Rose Glen before you?

15 A. I was at Rose Glen first I think.

16 Q. Rose Glen kind of broke up you said?

17 A. In mid '02 Rose Glen broke up. The
18 partners split and formed two different companies.

19 Q. What were the two different
20 companies?

21 A. Rose Glen became Radcliff which was
22 one, and one was Rock Hill.

23 Q. Did Greg do work for Rock Hill?

24 A. I think he did.

25 Q. What kind of things did you do

BENOWITZ

socially with Greg?

MR. FISHER: Objection. At

Susquehanna?

MR. SHEA: Rose Glen.

A. Walk around, hangout.

Q. I know as you sit here today you
can't recall if you had any interaction with Greg
at Rose Glen. Are you able to tell me anything
about his work product, while he was working at
Rose Glen?

A. No.

Q. Did you work with Greg again?

A. We worked on the quant.

Q. That's Gargoyle?

A. Yes.

MR. FISHER: Objection to the form
of the last question.

Q. Was Greg involved with the
quantitative hedge fund involving Vega?

A. No, I don't believe so.

Q. How did Greg get involved with
Gargoyle?

A. I think, I just want to clarify.
This is more of sort of how I sort of remember a

BENOWITZ

bunch of things, the gist of conversations.

Q. Sure.

A. I think we felt that we needed somewhat more you know, a systems person, and I knew Greg. After Vega we had discussions of what are we going to do. There were lot's of things we thought about doing.

Q. When you said, we, are you talking about you and Randy?

A. Yes.

Q. You and Randy had discussions about getting Greg involved, or asking Greg to become involved?

A. Yes, I am sure. I don't remember specifically but I am sure we did.

Q. Do you know if these discussions were after Vega pulled out?

A. I don't remember, but I would think so.

Q. Do you remember if you had discussions about getting Greg involved, before Vega?

A. I would say that we, with Randy and I we discuss a lot of things. You know, we kick

1 BENOWITZ

2 ideas around. I don't know if we had any serious
3 ones, but I don't remember very well.

4 Q. Did you or Randy approach Greg about
5 becoming involved with Gargoyle?

6 A. I am sure we did, he became
7 involved.

8 Q. Was that you or Randy?

9 A. I don't remember, but it was
10 probably me. It was kind of our roles, I would
11 make a deal and sort of hand it off to Randy.

12 Q. Do you know how you communicated
13 with Greg, did you call him or e-mail him, about
14 becoming involved with Gargoyle?

15 MR. FISHER: Objection to form.

16 A. I don't remember.

17 MR. FISHER: About becoming involved
18 with Gargoyle but the particular point being
19 involved with what eventually occurred?

20 MR. SHEA: I apologize.

21 Q. At some point in time the quant arb
22 theory became Gargoyle?

23 A. Yes, but clearly talking about it
24 far before it had gone to Vega. With the Vega
25 thing we had a lot of discussions what to do, this

BENOWITZ

kind of thing.

Q. When you had discussions with Greg did you have the name Gargoyle at the time?

A. I don't know.

Q. You said, I forgot your answer. Did you have conversations with Greg over the telephone or in person?

A. I don't remember. I know I had in person conversations with him.

Q. Do you know where they were at?

A. Many times, if not many, several times I met Greg at TGIF Fridays or go to Plymouth Mall and discuss things in general.

Q. Did you ever meet him on City Line Avenue in Valley Kingswood?

A. I don't remember, but probably.

Q. What was your discussion with Greg, prior to getting involved in the quantitative arb?

A. I don't understand.

Q. Did you talk to Greg about what his role would be?

A. I don't remember.

Q. Did you talk to him about compensation?

1 BENOWITZ

2 MR. FISHER: What period of time?

3 MR. SHEA: This is before he
4 actually became involved with the
5 quantitative arb.

6 Q. In other words, you had a discussion
7 with Greg?

8 A. Would we have cut a deal with him, I
9 don't remember, but obviously we had.

10 Q. You obviously had discussions with
11 him. I am asking, before he actually formally
12 became involved with the quantitative arb strategy
13 that eventually became Gargoyle, did you have
14 conversations about compensation?

15 A. I really don't remember specifics
16 ones. Since he came to the structure I obviously
17 did.

18 Q. Generally speaking, do you recall if
19 the conversations were about compensation?

20 A. Generally speaking, yes.

21 Q. What was your recollection?

22 A. That at that point really a thought,
23 my recollection was that when he got things going
24 he would I guess, if you will, in general work on
25 the system and get 10 percent of what we made from

1 BENOWITZ

2 the quantitative arb.

3 Also I remember later when small
4 caps regular D, whatever you want to call, the
5 piping comes in. I had specific discussions, you
6 will not get, these are separate things. This
7 conversation I had many times because I remember
8 when sort of quantitative things which by the way
9 at the time was the thing, the small companies
10 were separate. I clearly remember that Greg's
11 compensation came from 10 percent of the
12 quantitative arb and nothing from that other
13 business. I many times reiterated that to make it
14 completely clear that's the way it was in IT
15 systems.

16 Q. In the conversations you made it
17 completely clear, that is after he was already
18 working for Gargoyle?

19 A. From the very first time when we
20 contemplated doing any type of small cap business
21 I made that very clear.

22 Q. Since you made that very clear, my
23 question is, he would have been working for
24 Gargoyle at that point in time?

25 A. I'm pretty sure Gargoyle.

BENOWITZ

Q. The quant arb, he already assisted in the quant arb?

A. Any if all collective, if he did anything found one, give us the deal or quant arb.

Q. Why did you make that perfectly clear to him?

A. I made it perfectly clear because when there are different enterprises you want to make things clear.

Q. Was he doing work on this other enterprise?

A. I don't remember. But I remember, what I do remember very clearly because I didn't want things to be confused, I reiterated this. At the time of course the quantitative arb, looked very very much, that project looked like it could be really big.

Q. You just seem very adamant you were very clear in the numerous conversations about making it completely clear to Greg that he was not going to get anything from the other venture. Is there some reason you wanted to make it very clear to him?

MR. FISHER: Objection to form.

BENOWITZ

A. Because if you have two products that you are pursuing it is possible to make clear to everyone what the deal is from.

Q. Did you think that Greg could have been confused about what he was going to get?

A. No, but I think Greg was desperate for money.

Q. Why was that?

A. Because he would tell me he was.

Q. When did he tell you that?

A. I don't remember exactly when, but numerous times.

Q. Was this while he was working for you?

MR. FISHER: Objection to form.

A. Greg was desperate for money from Rose Glen, and he had the job with Rock Hill for a while. But he was always complaining about money.

Q. Was he going to do work for the other enterprise, VCA?

MR. FISHER: Objection to form. Did he do work?

MR. SHEA: No, was he going to do work.

1 BENOWITZ

2 MR. FISHER: During what period?

3 Q. While you and Randy were discussing
4 the idea of VCA Manage Account did you and Randy
5 also discuss about getting Greg involved with VCA?

6 A. I don't think we did originally.

7 Q. At some point in time did you?

8 A. Eventually he did some stuff. But
9 our deal was very clear with him which is, your
10 compensation you are going to get paid out of the
11 Gargoyle quant arb, can you help us out with some
12 of this stuff.

13 Q. So I am clear, when you were talking
14 about his compensation, this quant arb, do you
15 remember how he was going to be compensated? I
16 believe you said he was going to get 10 percent
17 from the profits from the quant arb?

18 A. We didn't profit from the quant arb.

19 Q. When you had discussions with Greg
20 about how he was going to be compensated for
21 Gargoyle, do you know if you also had discussions
22 with him that he would not be getting anything
23 from this other enterprise?

24 MR. FISHER: Objection to form.

25 A. I don't know that time line.

1 BENOWITZ

2 Q. So I am clear, the 10 percent he was
3 getting of net profits was from the work that he
4 was doing for Gargoyle?

5 MR. FISHER: Objection.

6 A. It was for everything.

7 Q. For everything?

8 A. For everything.

9 Q. What do you mean, everything?

10 A. Everything.

11 Q. Was that explained to him when you
12 had this first conversation with him?

13 A. I don't remember when we first had
14 the discussions in a specific way, but it was
15 reiterated many times.

16 Q. Why was it reiterated many times?

17 MR. FISHER: Objection, asked and
18 answered.

19 Q. Why did you feel the need to
20 reiterate it numerous times?

21 MR. FISHER: Same objection.

22 A. Because as time went on I wanted to
23 make sure that Greg understood exactly what the
24 deal was.

25 Q. Did you ever put this down in

BENOWITZ

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writing?

A. I don't think so.

Q. Did you ever put down his
compensation plan for Gargoyle in writing?

A. I don't think so, but I don't know.

Q. What was Greg's responsibility going
to be with Gargoyle?

A. Exactly you have to check with
Randy. I am sure with regard to Gargoyle it was I
more like sort of made a deal with Greg and handed
it off to Randy.

Q. Do you know what Greg did for
Gargoyle?

A. Not exactly, computer stuff.

Q. Did you talk with anyone else other
than Greg, about becoming involved with this quant
arb?

A. I believe Christopher Polk.

Q. Was there anyone else that did the
same thing that Greg did?

A. I don't know.

Q. Do you know if Greg was the only one
that did this field or area that you were involved
in, until the quant arb?

1 BENOWITZ

2 A. I don't remember. I don't remember.

3 Q. Why did you choose Greg?

4 A. I knew him. I believe at the time
5 he needed a gig. It was almost doing him a favor.
6 I guess mainly I knew him.

7 Q. Did you know anything about his work
8 product?

9 A. I don't know anything about
10 computers. I am not qualified to know what is God
11 and what is not.

12 MR. FISHER: Let's take a short
13 break.

14 MR. SHEA: Sure.

15 (Whereupon a brief recess was
16 taken.)

17 Q. Was Greg working when you approached
18 him about working for the quant arb?

19 A. I don't remember.

20 Q. Did Greg ever tell you how much he
21 made at Rose Glen?

22 A. I don't remember.

23 Q. When you talked to Greg about the
24 quant arb did he ever tell you that he needed to
25 make a certain amount of money?

1 BENOWITZ

2 A. I don't remember, sorry.

3 Q. Was Randy ever present at any of the
4 meetings that you had with Greg, when discussing
5 Greg working for the quant arb?

6 A. I don't remember specifically a
7 meeting, I assume. I actually don't want to
8 assume. I don't remember but it would make sense
9 he had to the meet Greg at some point.

10 Q. Do you know a Maureen or Mo Kelly?

11 A. Yes, she was an operations person at
12 Rose Glen.

13 Q. Did you ever talk to Maureen Kelly
14 about being involved with the quant arb?

15 A. We discussed it. I remember that we
16 discussed it at some point, but nothing came of
17 it.

18 Q. Who is we, you said, we discussed
19 it?

20 A. Me and her.

21 Q. How come nothing ever came of it?

22 A. I think she owned a sneaker store
23 and she didn't want to do it.

24 Q. Do you know her as Maureen or Mo?

25 A. Either one.

BENOWITZ

Q. Do you know if Maureen Kelly was ever present at any of the meetings you had with Greg, where there were discussions about Greg becoming involved with the quant arb?

A. I don't remember.

Q. Did you ever have discussions with Maureen Kelly about becoming involved with VCA?

A. I don't remember. I know we had general discussions of her becoming involved with us.

Q. What role would have been her role?

A. I guess operation stuff. As I say, nothing came of it.

Q. Did you have face-to-face meetings with Maureen Kelly about becoming involved with the quant arb?

A. I am trying to remember, it's possible I met with her once. I can't remember very well. I seem to recall talking to her once in person. I also remember nothing ever went anywhere.

Q. Was Randy ever present at any meetings you may have had with Maureen Kelly?

A. I don't remember.

BENOWITZ

MR. FISHER: Rather than an inaccurate answer, then that's the right answer.

Q. Subsequent to VCA you and Randy started up a hedge fund in May of 2005, correct?

A. Yes.

Q. I don't want to get into the legality. You told us you were not familiar with the legal setup of it.

Was anyone else involved with the formation of the hedge fund? So the record is clear, the hedge fund I am talking about I am referring to the Vision hedge fund, just for the purpose of this deposition.

MR. FISHER: Sure, talking about the Vision Opportunities Fund, Vision entity that was formed in May or June of 2005?

MR. SHEA: When I talk Vision, that is the one that I am talking about.

A. Randy and I only.

Q. Did you have discussions with anyone else about becoming involved with the Vision hedge fund?

A. We had hired employees.

1 BENOWITZ

2 Q. Prior to May of 2005?

3 A. What do you mean, being involved?

4 We had people working for us, they are involved.

5 Q. They worked for you, meaning VCA?

6 MR. FISHER: The question is, before
7 Vision did this witness have any discussions
8 with their providing services to the fund?

9 MR. SHEA: Yes.

10 A. I imagine we did. I don't recall
11 specific conversations, but if people provided
12 services we had discussions with them.

13 Q. When Vision had the fund formed in
14 May of 2005 did you have employees of the hedge
15 fund, when it was formed?

16 A. I think so.

17 Q. Do you remember who they would have
18 been?

19 A. I think Jordan was working for us.
20 I don't know if they worked for the hedge fund,
21 they worked for us.

22 Q. Were there people that worked for
23 VCA who also did work for the Vision hedge fund?

24 A. Yes, I guess.

25 Q. Do you know who they were considered

BENOWITZ

employees of?

A. No, but I think Jordan worked for us, David Berger worked for us, I don't know if others did.

Q. Did David Berger do work for the hedge fund as well?

A. Yes.

Q. He did work for VCA?

A. Yes.

MR. FISHER: So the record is clear, when you refer to VCA for the purpose of this deposition you are referring to the entity that provided consulting services to the management account, before it was the hedge fund?

MR. SHEA: Yes.

MR. FISHER: Because there are different VCA's referred to with regard to the managed account.

MR. SHEA: Correct.

Q. How were you to get compensated from the hedge fund?

A. How was I?

Q. Yes.

BENOWITZ

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A. I don't remember at the time. I

3

suppose if we made money I would get whatever. I

4

don't know if I had a salary at that time.

5

Q. At some point did you get a salary?

6

A. I have a salary now.

7

Q. What is your salary?

8

A. I believe 300, I don't know exactly.

9

Q. Do you know when you started to

10

receive a salary?

11

A. No.

12

Q. Do you know if you received a salary

13

in 2005?

14

A. I don't remember.

15

Q. Would you and Randy also split the

16

net profits from the hedge fund?

17

A. I suppose.

18

Q. Do you know, if the hedge fund was

19

going to make its profit?

20

A. Theoretically 2 percent, 2 and 20.

21

Q. That's 20 percent of profits?

22

A. Yes.

23

Q. Of gains?

24

A. Correct.

25

Q. 2 percent maintenance fees?

1 BENOWITZ

2 A. Correct.

3 Q. Were you and Randy going to split
4 any net profit in the hedge funds 50/50?

5 A. Yeah.

6 Q. Did you have anyone who did work for
7 the Vision hedge fund who was not an employee of
8 the hedge fund?

9 A. I am sure we had consultants at
10 different times. We had a consultant in various
11 forms.

12 Q. Do you know how the consultants were
13 compensated?

14 A. I don't remember how each one was
15 compensated.

16 Q. With the Vision hedge fund, you and
17 Randy agreed that if available you would take a
18 draw as salary?

19 MR. FISHER: Objection to form.

20 A. I don't remember what we decided.

21 Q. Prior to May of 2005, prior to the
22 formation of the Vision hedge fund, where would
23 you have received, from what source would you have
24 received compensation from, in 2005?

25 A. Managed accounts I think probably is

BENOWITZ

the only place.

Q. Did Greg ever work for VCA?

A. I think he did some work for us,
yes.

Q. What do you recall him doing for
VCA?

A. Some computer stuff.

Q. Do you know what type of computer
stuff?

A. I would refer you to Randy for that.

Q. Do you know if he generated a report
for VCA?

A. I am sure he generated some type of
reports.

Q. Do you recall receiving any of those
reports?

A. I don't remember it.

MR. FISHER: Did you finish your
answer.

THE WITNESS: Sorry. I don't
remember but it's conceivable, I got some
reports of some kind, mostly operational
things. He would be working with Randy.

Q. Did he also work with David Berger a

1 BENOWITZ

2 lot?

3 A. Yes, certainly more than me.

4 Q. Did Greg first start working for the
5 quant arb before Steve Bloom got involved?

6 A. I don't remember the time line of
7 things.

8 Q. When Greg started working for the
9 quant arb do you know if the quant arb at that
10 time was making any money?

11 A. When he started working for the
12 quant arb, I don't remember.

13 Q. Did you ever have any discussions or
14 communication with Greg about if he would be
15 compensated at all if the quant arb never showed a
16 net profit?

17 MR. FISHER: Objection to form.

18 A. I don't remember.

19 Q. Did you and Randy ever have
20 conversations about whether or not you would
21 compensate Greg for any of his work on the quant
22 arb, if the quant arb never had a net profit?

23 A. I don't remember specifically
24 discussing it.

25 Q. Do you remember general discussions?

BENOWITZ

A. I mean, if we didn't make any money on the quant arb we didn't have any money. So no, I don't remember. But the gist of things if you were working on profit you can only make money on profits.

Q. Did Greg ever prior to his work for the quant arb ask that he be paid a salary instead of a percentage of the net profits?

A. I don't think so but I don't remember. I don't remember him asking for a salary.

Q. Did you ever give Greg any inclination of what he could make working for the quant arb?

MR. FISHER: Objection to form.

MR. SHEA: Prior to him working for the quant arb.

A. What do you mean?

Q. Did you ever give him an estimate what he could make if he worked for the quant arb?

A. I don't remember. He is a big boy, he knows what 10 percent of profits means.

Q. Did you ever give him an idea what the net profit could be on the quant arb?

1 BENOWITZ

2 MR. FISHER: A projection?

3 MR. SHEA: Yes.

4 A. No, we had no idea what was going to
5 happen.

6 Q. Did it look promising to you at the
7 time you were talking to Greg?

8 A. We were fearful but very optimistic.
9 We were excited about the quant arb. Even though
10 it was the first bite at the apple we were excited
11 about the possibility.

12 Q. You said, we were excited, you and
13 Randy were excited?

14 A. Yes, in general had sold it you
15 know, we were optimistic that we could make money
16 doing this.

17 Q. Why were you optimistic it could
18 make money?

19 A. We sold once and I think I sold. It
20 is skill and luck, so I got lucky.

21 Q. Did Greg ever get involved in
22 selling the quant arb?

23 A. I don't remember, but I don't think
24 so. He is not a very good salesman.

25 Q. Why do you say that?

1 BENOWITZ

2 A. He does not have the personality for
3 it.

4 Q. What type of personality does he
5 have?

6 A. He is a little awkward, not very in
7 control.

8 Q. What do you mean, not in control?

9 A. What defines a good sales
10 personality, Greg is awkward. He is you know,
11 timid in the wrong situations and over aggressive
12 in the wrong situations, that's my opinion.

13 Q. When did you first notice these what
14 I will call traits?

15 A. At Rose Glen.

16 Q. Any specifics --

17 A. I don't remember specifically.

18 Q. Let me finish the question. Any
19 specific situations you remember at Rose Glen?

20 A. Not specifically, more of a general
21 feeling.

22 Q. What was that general feeling?

23 A. That he was timid in the wrong
24 situations and overly aggressive in the wrong
25 situations.

BENOWITZ

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Q. At some point in time Greg did begin

3

working for VCA?

4

A. Yes.

5

Q. What type of work was he doing for

6

VCA?

7

A. Computer things, operation things.

8

Q. Was anybody else at VCA doing the

9

same type of work Greg did, at the same time?

10

A. The same operation type of stuff?

11

Q. Yes.

12

A. I guess Berger.

13

Q. David Berger?

14

A. Yes.

15

Q. You said you guess?

16

A. Randy worked on operations, David

17

Berger worked in operations. Greg to some degree

18

did some stuff. I don't know what they did every

19

day. Exactly what they did ask Randy, the exact

20

division of labor.

21

Q. You said Greg did computer stuff?

22

A. Yes.

23

Q. Do you know if David Berger was

24

involved in computer stuff?

25

A. Office stuff, Randy and David Berger

BENOWITZ

and Greg worked on operations.

Q. Did Greg generate reports for VCA?

MR. FISHER: Objection. Asked and answered.

A. Yes.

Q. Did he generate daily reports?

A. I don't know.

Q. Do you know what went into preparing, generating any daily reports by Greg?

A. No.

Q. Did you ever talk to Greg about what is involved in preparing and generating these reports?

A. Specifics of this I would see Randy to talk about.

Q. While working for the quant arb and or VCA, did Greg ever communicate with you about the need to make more money?

MR. FISHER: Can you read back the question?

(Whereupon the last question was read back by the court reporter.)

MR. FISHER: Objection to form.

A. Yes.

BENOWITZ

Q. Do you remember when the first time was?

A. Greg constantly complained that he needed more money.

Q. I am talking about after he started working for you and Randy.

A. Greg constantly complained that he needed more money.

Q. Do you have any specific recollection of how those complaints were made known to you?

A. Every time I communicated with him he would complain about not having enough money.

Q. What would he say to you?

A. I don't have enough money, I need more money. I didn't have enough money either.

Q. Do you know when he first started making these complaints to you?

A. Honestly, he complained when he worked for Rose Glen.

Q. When did he first complain to you, after he started working for you and Randy?

A. He always complained, it was a consistent theme of talking to Greg.

BENOWITZ

Q. So I am clear, are you saying from the time he began working for you and Randy he was complaining?

A. From before that. He complained about not having enough money from Rose Glen.

MR. FISHER: Objection to the previous series of questions using the word, working for Randy and Adam. I don't understand what you mean by the phrase. Are you speaking legally, as opposed to making a legal consensus he was an employee? I don't want to get away from questioning. As I say legally, the phrase, work for.

Q. Greg did things for VCA, correct?

A. Yes.

Q. Would you consider that Greg was doing work for VCA?

A. No.

Q. Why not?

A. It was clear when we made a deal that the entity if you want to say that he was part of was the quant arb, okay. Anything he did for VCA was a favor or to help out. But it was very clear that we made a deal as to where he was

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getting compensated from.

Q. What would you call what he did for VCA then?

A. A small amount of side work that he did more or less as a favor.

Q. The side work that he did was a favor?

A. Yes. Now in Gargoyle I believe he had again, this is not my area of expertise. He definitely, I guess you would have to ask Randy, but he definitely did work for Gargoyle.

Q. After he started doing work for Gargoyle when is your first recollection of Greg complaining about needing more money?

A. Greg complained about needing more money is a constant recollection from the week after I met him, until I never talked to him again. I can't tell you when the first time was.

Q. After you started the quant arb later known as Gargoyle, do you have any recollection, specific or general what the nature of his complaints were? How was that phrased, did he ask you for more money, after he started working for the quant arb?

1 BENOWITZ

2 A. I don't remember whether he
3 specifically asked for it. It was a general
4 complaint, but he made it clear that he would like
5 more money in some way shape or form.

6 Q. Other than the fact that he would
7 like more money, but when Greg was saying this to
8 you, did he ever come outright and say, Adam, I
9 need to make more money?

10 A. Sure. I mean, I don't recall
11 specific times, but I am sure he said that.

12 Q. Did he ever say to you, Adam, you
13 need to pay me more money, or something like that?

14 A. I don't remember. I recall a lot of
15 times he would generally complain and stop short
16 of you know, pushing. There was not a lot of
17 money to give him.

18 Q. Were you making any money at the
19 time that he was complaining to you about making
20 money?

21 A. It's possible, in '05 I am pretty
22 sure I was still in debit at that point. It's
23 possible in '05 I was not completely flat broke,
24 but I was pretty broke.

25 Q. Had you filed for bankruptcy?

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2

A. No.

3

Q. Did you own a house at that time?

4

A. Yes.

5

Q. Were you mortgaging the house?

6

A. Yes.

7

Q. How many mortgages did you have on

8

the house?

9

A. I think one.

10

Q. Where is that house located?

11

A. In Amber, Pennsylvania.

12

Q. Did you say you were in debt or

13

broke?

14

A. I didn't have my money, the credit

15

card debt. I was not bankrupt but I didn't have

16

any money.

17

Q. How did you pay the debt?

18

A. I paid, I eeked by.

19

Q. What did you eek by on?

20

A. I don't remember.

21

Q. You were married at the time?

22

A. Yes, separated.

23

Q. Were you paying any type of

24

maintenance or spousal maintenance?

25

A. I just paid whatever bills there

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were.

Q. Did you ever say anything in response to Greg's complaints about needing more money?

A. Did I ever say anything in response?

Q. Yes.

A. I imagine I did. I don't remember what exactly it was.

Q. Do you have any general idea what you said?

A. Greg as I became to understand that he was more and more desperate. I would reiterate very clearly what the deal we had was.

Q. Do you know why he was desperate?

A. He needed money.

Q. Do you know why he needed money, did he ever tell you why he needed money?

A. He had a family and the house, that kind of thing.

Q. When you first discussed with Greg about him working for the quant arb, did you think he was qualified to do what you were asking him to do?

A. To the best of my knowledge.

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Q. How about when you asked him to do this side work for VCA, did you think he was qualified to do what you were asking him to do?

A. To the best of my knowledge.

Q. I should have asked this question first. Who approached Greg about doing the side work for VCA?

A. It was probably me, I don't remember exactly. I would say probably me.

Q. Do you have a recollection what you asked him to do for VCA?

A. No, I don't remember.

Q. Do you know how many hours he put in working for Gargoyle?

A. No.

Q. I should say the quant arb.

A. No.

Q. And or Gargoyle?

A. No.

Q. Do you know how many hours he put in doing the side work for VCA?

A. No.

Q. At any time did Greg ever express to you that it's his understanding that he is going

1 BENOWITZ

2 to also receive a percentage of the net profits
3 from the Vision hedge fund?

4 A. Repeat the question.

5 Q. At any time did Greg communicate to
6 you that it was his understanding he was also to
7 receive a certain percentage of the net profits of
8 the Vision hedge fund?

9 A. I don't recall him saying that, but
10 if he did I would have immediately reminded him
11 that was not our deal.

12 Q. At any time did Greg ever express to
13 you that it was his understanding that you Randy
14 and he were partners in the Vision hedge fund?

15 A. Again, I don't recall him doing it,
16 but if he did I would immediately say that was not
17 the case.

18 Q. Do you recall having a conversation
19 with Greg where he expressed to you his
20 understanding he was also to receive a percentage
21 of profits from VCA?

22 MR. FISHER: Communications from
23 Greg to Adam, not through counsel or
24 anything like that?

25 MR. SHEA: No.

1 BENOWITZ

2 Q. Between you and Greg, communication
3 between you and Greg.

4 A. Again, I don't recall, but if he had
5 said anything I would have immediately said that
6 is not the deal.

7 THE WITNESS: Can I take a break?

8 MR. SHEA: Sure.

9 (Whereupon a brief recess was
10 taken.)

11 Q. Work Greg did for VCA, did you have
12 any work complaints about it?

13 A. There were problems in that nature.

14 Q. When Greg started working for the
15 quant arb, prior to working for quant arb did you
16 ever tell him that he would have to quit a current
17 job in order to work for the quant arb?

18 A. I don't remember.

19 Q. You were talking about problems. I
20 asked if you had any problems with Greg's work and
21 you started to tell us before we took a break.

22 A. I remember there were problems of
23 some kind of work that he did for us at some
24 point, but I don't remember exactly what they
25 were.

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Q. Would Randy be the individual to ask?

A. Yes.

Q. If there was a problem with the work do you know what company that was for?

A. I recall that was for the hedge fund, but it might have been for the other thing too.

Q. Did you have any issue with Greg while he was working for you, for the quant arb or VCA or Vision hedge fund?

MR. FISHER: Objection to form.

Q. Again, the side work, whatever he was doing, did you have any issues?

A. He had a very difficult personality.

Q. Would you describe difficult?

A. He was belligerent, angry, prone to anger. He didn't do a lot of things he said he would do.

Q. What didn't he do that he said he would do?

A. It's not an all inclusive list. There were various times, I don't remember the exact task. He would say he would come up to New

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York to work on something and he would not come.

I don't remember what the exact thing he was supposed to do was. But there was something he was supposed to help us with or some system or program he was supposed to install on our computer, and he never did it.

Q. Was that in January of '06, 2006?

A. I don't remember.

Q. Anything else that you can recall siting here today that he didn't do that he said he would do?

A. I don't remember exactly, more of a general feeling.

Q. Did you ever have conversations with Greg about his difficult personality?

A. I am sure I did but I don't remember. I don't recall individual ones.

Q. Do you recall general conversations you had with Greg about his difficult personality?

A. Other than to discuss it while you are discussing things that he had a difficult personality.

Q. In other words, did you ever tell him that you got to control your anger?

1 BENOWITZ

2 A. I am sure I said at times, you have
3 to chill out.

4 Q. Are you aware of any issues that
5 Greg had with anyone that may have worked or
6 consulted with either the quant arb, Gargoyle,
7 VCA, or the Vision hedge fund?

8 MR. FISHER: Objection to form.

9 A. Say that again.

10 Q. Did you know of any issues that Greg
11 had with anyone that worked at the quant arb?

12 MR. FISHER: Objection. Issue, do
13 you mean a disagreement?

14 MR. SHEA: A personality issue.

15 MR. FISHER: Personality conflict
16 with other persons working?

17 MR. SHEA: Yes.

18 A. I don't remember.

19 Q. Do you know if he had any
20 personality conflict with anyone that was working
21 at VCA?

22 A. I don't remember. I don't recall
23 specifically, but in a general way people you
24 know, say wow, that guy is crazy, that guy is
25 angry, that guy is belligerent. It was quite

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clear that he was angry and belligerent.

Q. Do you have any recollection who may have said that, or who said that?

A. I would say that I don't recall anyone specifically saying it. But I do recall, I recall, I sort of remember a general feeling by people.

Q. Do you recall anyone at the quant arb or Gargoyle having issues with Greg's work product?

A. I was not that involved with Gargoyle but no, I don't remember.

Q. Other than what you already told us, do you recall anybody else having issues with Greg's work product that he did for VCA, or the Vision hedge fund?

A. I don't remember, but there are various things that people were unhappy with. You should ask Randy about it, he would know more specifically.

Q. Kish, who is Kish?

A. He is an investor.

Q. Kish, was that an investor in the hedge fund?

1 BENOWITZ

2 A. No, either -- I don't know what it
3 is. I forgot what it is.

4 MR. FISHER: Is that the name of a
5 managed account?

6 THE WITNESS: I don't remember.

7 Q. Do you know if what Greg did for VCA
8 differed from what he did for Gargoyle, or the
9 quant arb?

10 A. I imagine it did. I don't know what
11 exact things he did but I imagine they were
12 different.

13 Q. Why would you imagine they were
14 different?

15 A. I don't know, they are different
16 things. There is different operational things,
17 ask Randy he would know specifically.

18 Q. Do you know if one is more
19 complicated than the other?

20 A. No, actually I don't know if one is
21 more complicated than the other. My first initial
22 answer, I imagine the quant arb was more
23 complicated, but I don't know anything about
24 programming or anything like that. I am not
25 qualified to say which one is more complicated.

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Q. Greg also did things for the Vision hedge fund, correct?

A. I am pretty sure.

Q. How would you describe what he did for the hedge fund?

A. I don't know exactly, but operational stuff.

Q. Who approached Greg about doing things for the Vision hedge fund?

A. I don't remember, but I would imagine it was me.

Q. How would you classify what he did?

A. A favor, as side work is what I would say.

Q. Do you know if there was a difference between what Greg did for VCA and what he did for the Vision hedge fund?

A. I don't know.

Q. Do you know if there is a difference in what Greg did for Gargoyle, the quant arb and what he did for the Vision hedge fund?

A. I don't know, I'm not sure. His work was in operations, but Randy would be able to answer that.

1 BENOWITZ

2 Q. Other than you, Randy, Jim Crombie,
3 and Joe Gill, was there anyone else that got a
4 percentage of net profits of VCA?

5 MR. FISHER: Objection to form.

6 MR. SHEA: I withdraw the question.

7 Q. Other than you and Randy, did anyone
8 else get a percentage of net profits of VCA?

9 A. I don't believe so.

10 Q. You already told us that Joe Gill
11 and Jim Crombie got a percentage of net profits of
12 the deals they source?

13 A. I believe so, that was Randy, he
14 handles all the legal operations, that is Randy's
15 primary responsibility.

16 Q. Did I ask if you had a written
17 contract with Jim Crombie or Joe Gill?

18 A. I don't believe so.

19 Q. You don't believe you had a written
20 contract?

21 A. I don't believe so.

22 Q. Who is Jeff Lazar?

23 A. Jeff Lazar I believe worked for us
24 as a consultant for a while. He wasn't really an
25 employee, a consultant, but he worked in